



**Giving Voice to Value**

# 2016 Sustainability highlights

# Sustainable banking at ABN AMRO

Positively recognised on sustainability and transparency, that is our ambition. In this report, we provide an overview of our 2016 sustainability results.

## About ABN AMRO

ABN AMRO is a relationship-driven, knowledgeable and digitally savvy bank, active in Northwest Europe and with expertise in selected sectors globally.

## Our strategic priorities

Clients want a bank that simply does its job well and that goes the extra mile for them. A bank that knows its business and provides the best service.

To address our changing environment, we have set our priorities for the years up to 2020. The core of our strategy remains the same: we will continue to be a 'relationship-driven bank' while ranking among the best on the digital front; a bank with a strong position in Northwest Europe and servicing selected sectors worldwide. We are client-driven, we invest in the future, we have a moderate risk profile and we are committed to sustainable growth.

Sustainability is an integral part of ABN AMRO's long-term strategy. Our pledge is to be a better bank contributing to a better world. We are committed to being positively recognised for our position on sustainability and transparency.

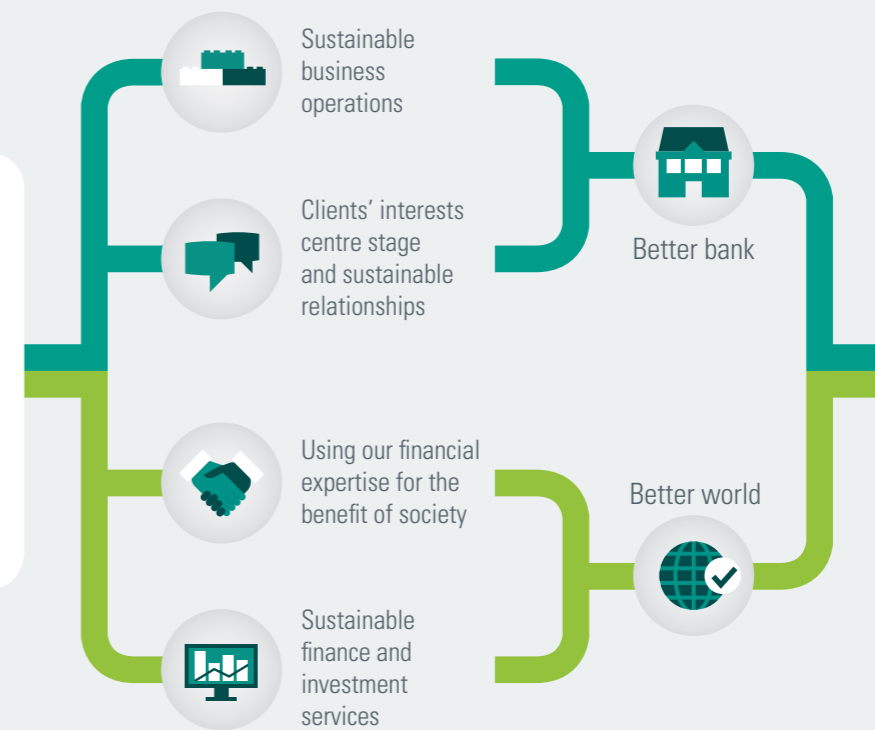
Our strategic priorities up to the end of 2017 are designed to help us create sustainable value for our stakeholders. As a bank, we play a key role in facilitating business. This means we have an obligation to do business responsibly, put our clients' interests first and address environmental, social and governance (ESG) risks, such as risks related to climate change or human rights. Our sustainability strategy is captured in the figure below.



Positively recognised on sustainability and transparency



Inspire and engage our people



A better bank contributing to a better world



# Highlights 2016

## First Human Rights Report

The publication of ABN AMRO's Human Rights Report was an important milestone in our efforts to revisit our operations from a human rights perspective. The report focuses on four human rights issues: privacy, discrimination, labour rights and land-related human rights.



## Kids at the Energy Bootcamp

Energetic like 100,000 joules, the kids who attended the ABN AMRO World Tennis Tournament and participated in the Energy Bootcamp for kids: a series of games to teach the youngest players about 'sustainability'.



## The Circular Pavilion almost ready



Next to our head office, we are building a 'circular pavilion' which will serve as a meeting place for clients, employees and our neighbours. The pavilion is a 'living laboratory' that is constantly changing. We will share the knowledge we acquire with clients; they have a 'right to copy' so that we can speed up the transition to a more sustainable society.

## 1 billion euros available for energy transition by real estate clients

ABN AMRO is helping commercial real estate clients make the transition to sustainable real estate. In 2016, we launched an online application with which clients can calculate various figures related to energy-saving measures. As a result, ABN AMRO and OVG Real Estate team up and will transform a total of 50,000+ square metres of commercial real estate. This initiative will help reduce carbon emissions by around 750 tonnes per year.



## Launch of The Good Search, the first social search engine in the Netherlands

We help social entrepreneurs in a variety of ways. In 2016, the bank developed The Good Search, a social search engine that lists socially responsible companies first rather than large enterprises.

## Dow Jones Sustainability Index ranking:

ABN AMRO scored 87 out of 100 points

**87** out of 100



## Dutch Banking Sector Agreement

This year, Dutch banks, trade unions, NGOs and government joined forces by signing an agreement on international responsible business conduct regarding human rights in the banking sector.

## Labour rights: in dialogue with our stakeholders

In September 2016, we organised a stakeholder dialogue that focused on labour rights and labour exploitation in the Netherlands. The outcome of this dialogue gives us broader insight into our impact and responsibility regarding labour rights, helping us to formulate action points.

## ABN AMRO MeesPierson introduces Sustainable Investment Advice

In 2016, our sustainable investments amounted to EUR 8.2 billion, up from EUR 6.4 billion in 2015. In addition, we introduced the Sustainable Investment Advice service. This consists of advice on sustainable investment funds, including impact investing. Clients receive recommendations that consist exclusively of sustainable investment funds.

## New Social Impact Bonds

The world's first cross-border Social Impact Bond, which we launched in September 2016, helps jobseekers in the Dutch city of Enschede find work in Germany. Overall, our social impact more than doubled in 2016 from two social impact bonds to five social impact bonds.

## ABN AMRO finances Zonnepark XXL at TT Circuit Assen



## Transparency Benchmark:

ABN AMRO among the leaders in Dutch banking sector









# Progress and outlook for 2017

We made significant progress in achieving our overarching goal of being in the top 15% of the Dow Jones Sustainability Index by 2017. In 2016, ABN AMRO scored 87 out of 100 points, nine points higher than in 2015. This puts the bank even in the top 10% in the banking industry.

Furthermore, we make our employees ambassadors of ABN AMRO by giving them a role in increasing transparency and sustainability at the bank. We measure the results of our efforts with our Employee Engagement Survey and aim to score 80%<sup>1</sup> or higher by 2017. The employee engagement rate rose from 76% in 2015 to 82%<sup>2</sup> in 2016.

<sup>1</sup> Target is based on old measurement method. For more details on employee engagement, please see 'Employee engagement' in the Group performance section of the 2016 Annual Report.  
<sup>2</sup> 2016 score based on revised measurement method. For more details on employee engagement, please see 'Employee engagement' in the Group performance section of the 2016 Annual Report.

## Progress on sustainability strategy

Strategic pillar	Goal	Metrics for 2017	Results in 2016
 <b>Sustainable business operations</b>	In our efforts to make our own business operations more sustainable and transparent, we act within the letter and spirit of the laws and standards for financial services provision.	<ul style="list-style-type: none"> <li>▶ Carbon emission reduction by 30% compared with 2013.</li> <li>▶ Gender diversity: women to be placed in 30% of upper middle-management positions and 25% of senior management positions.</li> <li>▶ A score of &gt;180 points on the Transparency Benchmark.</li> </ul>	<ul style="list-style-type: none"> <li>+ Carbon emission reduction by 37% compared with 2013.</li> <li>= Gender diversity: women in 26% of upper middle-management positions and 25% of senior management positions<sup>1</sup>.</li> <li>+ A score of 188 points on the Transparency Benchmark.</li> </ul>
 <b>Client centricity and sustainable relationships</b>	We offer clients safe and reliable services by combining highly secure and stable systems with client centricity.	<ul style="list-style-type: none"> <li>▶ Increase in the Net Promoter Score by 10% by 2017 compared with 2015.</li> <li>▶ Increase in the Trust Monitor Score by 15% by 2017 compared with 2015.</li> </ul>	<ul style="list-style-type: none"> <li>+ Net Promoter Score of Retail Banking: -15 (2015: -23)<sup>2</sup>.</li> <li>+ Net Promoter Score of Private Banking: -1 (2015: -4)<sup>2</sup>.</li> <li>+ Net Promoter Score of Corporate Banking: 6 (2015: -2)<sup>2</sup>.</li> <li>= The Trust Monitor Score remained unchanged in 2016: 3.1 on a scale of 1-5<sup>2</sup>.</li> </ul>
 <b>Financial expertise for the benefit of society</b>	We increase our contribution to a sustainable society by putting our expertise to use in practical and systemic issues.	<ul style="list-style-type: none"> <li>▶ Have 40% of our employees volunteer through ABN AMRO Foundation or other social projects.</li> <li>▶ Increase our social impact on key themes by 15% (in total volume of impact bonds or impact funds) compared with 2015.</li> </ul>	<ul style="list-style-type: none"> <li>+ 45% of our employees participated via ABN AMRO Foundation or other social projects.</li> <li>+ Our social impact more than doubled from two social impact bonds to five social impact bonds (from a total of EUR 3.4 million for 740 participants to a total of EUR 7.3 million for 1,443 participants).</li> <li>+ Our social impact on key themes increased by 60% in volume of impact funds (from a total of EUR 104 million in 2015 to EUR 167 million in 2016)<sup>3</sup>.</li> </ul>
 <b>Sustainable finance and investment services</b>	We enhance the bank's positive value creation by transparently integrating ESG/ESE criteria into our client assets and lending.	<ul style="list-style-type: none"> <li>▶ ESG criteria to be further integrated into our investments and a 15% increase of loan book with environmental, social and ethical (ESE) indicator, as compared with 2015.</li> <li>▶ To be recognised as a sustainable bank by our clients with an increase by 10% compared with 2016.</li> </ul>	<ul style="list-style-type: none"> <li>+ Sustainable client assets increased from EUR 6.4 billion to EUR 8.2 billion, up 28% compared with 2015.<sup>2</sup></li> <li>+ Increase of lending volume with GSRI or SMOS rating by 19% (from 38% in 2015 to 57% in 2016).<sup>2</sup></li> <li>= Baseline measurement took place in 2016<sup>4</sup>: Retail Banking: 21% Private Banking: 15% Corporate Banking: 20%.</li> </ul>

<sup>1</sup> For details of the definition, see Performance on strategic targets.  
<sup>2</sup> For details of the calculation method, see the definition provided in the Business section of the Annual Report.  
<sup>3</sup> Increase of our social impact on key themes calculated by change in impact funds. ABN AMRO has identified six impact funds, which are included in this calculation. Impact has been defined based on a definition of GIIN (source: GIIN, [theiin.org/impact-investing/need-to-know/#s1](http://theiin.org/impact-investing/need-to-know/#s1)).  
<sup>4</sup> Definition: percentage of clients that rank ABN AMRO with a 4 or 5 on a scale of 1-5 on the question 'Do you recognise ABN AMRO as a sustainable bank?'. Source: Brand track, N = 2,050.

+ Positive   = Unchanged/some improvement   - Negative

## Giving voice to value

In a world that is defined by constantly changing trends, we want to understand what matters most to our stakeholders, and how their needs will change going forward. We have therefore conducted a materiality assessment. We have used the insights gained to update our Value Creation Model.

On this and the following pages, we explain the relationship between our stakeholders' interest, the topics that stakeholders consider most material for ABN AMRO and how we create long-term value for all stakeholders. We aim to create lasting stakeholder value and make a sustainable contribution to society.

### Stakeholders



#### Clients

#### What they expect

A bank that excels beyond its core business and delivers valuable expertise, any time, any place.



#### Employees

An employer that empowers and offers opportunities to make the most of people's potential.



#### Society at large

An engaged financial institution that invests in the future sustainably and responsibly.



#### Investors

A trustworthy bank that produces healthy, sustainable returns.

#### What we promise

To act in your best interests, we listen carefully, deliver valuable expertise and offer seamless experiences.

Together we are ABN AMRO. We empower our employees to make use of their full potential and develop themselves.

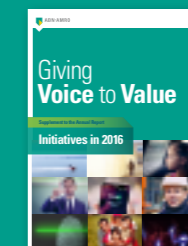
We are engaged in society and are committed to investing in the future.

We pursue sustainable growth and offer attractive returns based on a moderate risk profile.

### Also see:

Our Annual Report supplement 'Initiatives in 2016'  
[abnamro.com/annualreportmagazine2016](http://abnamro.com/annualreportmagazine2016)

Our website  
[abnamro.com/annualreport](http://abnamro.com/annualreport)



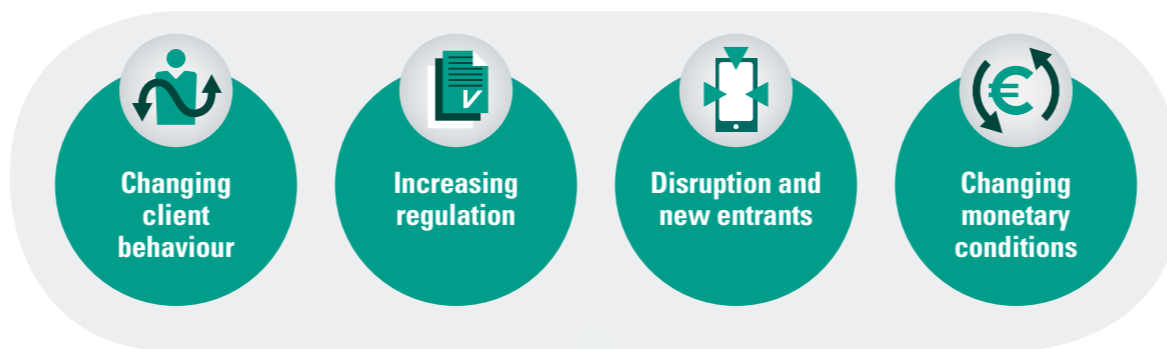
# How we create and share value

Our value creation model shows how we use the resources and expertise at our disposal to create value for our stakeholders. It all starts with the 'input' – four types of capital. These are the key resources we use to generate value. The output results in the value we create for our stakeholders and how we share it with each stakeholder group. The Value Creation Model is presented in the Strategy section of the ABN AMRO Annual Report for 2016.

## INPUT

- Social and Relationship Capital**  
We maintain strong relationships with our stakeholders by regularly conducting dialogues with them and by performing market analyses, scenario planning and materiality research on what topics matter most to them. Stakeholder management is embedded in our governance model and is carried out in all layers of the bank. Our commitment to sustainability and other social issues is continuously growing.
- Digital and Technological Capital**  
Our business activities are conducted through tangible and virtual infrastructures. We are investing in digital and innovative propositions and pursuing external partnerships to fortify our digital and technological capital.
- Human and Intellectual Capital**  
We have specialised financial skills and in-depth sector expertise in different industries. We are committed to attracting, retaining and developing talented and dedicated employees. Our cultural principles and purpose serve as a guide as we work to transform our culture and embed agile methods across our organisation, allowing us to respond alertly to changing client needs.
- Financial Capital**  
We use financial capital – including reserves generated through equity, client deposits and other funding sources – to invest in our activities.

## KEY TRENDS



## OUTPUT

### VALUE CREATED

- Social and Relationship Capital**  
We are redesigning our business and distribution models to address changing client needs, and we offer personalised advice and tailor-made products and services.  
-15 NPS Retail Banking  
-1 NPS Private Banking  
6 NPS Corporate Banking  
3.1 Trust Monitor score (on a scale of 1 to 5)
- Digital and Technological Capital**  
We are opening up our network by forging partnerships. We strive to ensure a stable, secure IT landscape with high availability while protecting client data, guaranteeing privacy and combating fraud.  
99.87% Availability of our digital services  
5.9 million Number of internet banking contracts
- Natural Capital**  
We are minimising the environmental footprint of our operations and embedding environmental principles in our corporate and real estate financing and our investment services.  
EUR 8.2 billion Sustainable client assets  
1.62 tonnes CO<sub>2</sub> emissions in tonnes per FTE
- Human and Intellectual Capital**  
Our purpose, strategy, values and principles form our culture. We are introducing agile methods bank-wide. Our engaged staff share their financial and sector expertise with our clients and partners.  
82% Employee engagement score  
2% Training expenses as a percentage of total personnel expenses
- Financial Capital**  
We have a moderate risk profile, contributing to a strong, stable financial sector. Effective management and an improved Dutch economy will lift our ROE and dividend payout.  
11.8% Underlying return on equity  
17.0% Fully-loaded CET1 ratio

## OUTCOME

### VALUE SHARED

- We are creating an agile organisation and a more sustainable business model that addresses our stakeholders' needs.**
- Clients**  
Client satisfaction is rising and the number of loyal clients is growing.
- Employees**  
Employee engagement grew in 2016, but job losses will affect our workforce.
- Society at large**  
We are contributing to a better world while improving our bank's reputation.
- Investors**  
Sustainable revenues, healthy cash flows and share price, responsible tax policy.



# What matters most

We strive to manage the impact of our activities and balance the interests of all our stakeholders. To gain insight into how our stakeholders view the bank's ability to create value in relation to its long-term strategy, ABN AMRO has performed a thorough materiality assessment for the bank as a whole.



## Material topics and connectivity

Material topic	Description	Strategy	Stakeholders
<b>1 Customer issue ownership</b>	We listen to, and take ownership of, clients' needs and problems. Clients should feel that their needs and issues are addressed by the bank.	Client-driven	Clients, Employees
<b>2 Ethics and integrity</b>	We base our actions on society's moral standards.	Invest in the future	Clients, Employees, Society at large, Investors
<b>3 Preventing corruption, fraud and cybercrime</b>	We protect our clients' funds and data against security breaches. We actively prevent activities designed to illegally acquire commercial or personal gain from our digital or physical environment to the detriment of any party involved in or affected by the bank's activities.	Client-driven	Clients, Employees, Society at large, Investors
<b>4 Sustainability of our business model</b>	A sustainable business model is a model that produces healthy and robust results, ensuring continuity over the years.	Sustainable growth	Clients, Employees, Society at large, Investors
<b>5 Stability of our digital services</b>	We ensure the accessibility and stability of our digital services.	Client-driven	Clients, Employees
<b>6 Clear, appropriate advice</b>	We give clients clear, comprehensive information and help them select the financial product or service that best fits their personal situation. Our sector expertise and product knowledge help us understand our clients' needs.	Client-driven	Clients, Employees
<b>7 Agile organisation</b>	We respond and adapt to changes and developments outside the bank in order to add value to society now and in the future.	Invest in the future	Clients, Employees, Society at large, Investors
<b>8 Co-creation and innovation</b>	Teaming up with partners inside and outside the bank (co-creation) and creating an environment in which innovation is stimulated and nurtured.	Invest in the future	Clients, Employees, Society at large, Investors
<b>9 Privacy, use of client data by the bank or third parties</b>	The use of client data by the bank in order to improve our services and offer customised products or providing data to third parties outside the bank for commercial purposes.	Client-driven	Clients
<b>10 Responsible tax policy</b>	We pursue a transparent tax policy that prohibits tax evasion and prescribes fair tax payments and structures. We advise our clients in line with this policy.	Moderate risk profile	Clients, Employees
<b>11 Employee engagement and empowerment</b>	We strive to create an open corporate culture in which employees are empowered and encouraged to be engaged and help build the organisation. We have a fair remuneration policy and offer training and development programmes designed to develop talent and create highly skilled employees and a committed workforce.	Invest in the future	Clients

Material topic	Description	Strategy	Stakeholders
<b>12 Moderate risk profile</b>	A moderate risk profile means we pursue a prudent risk policy. This helps us deliver a stable financial performance.	Moderate risk profile	Clients, Employees, Society at large, Investors
<b>13 Non-discrimination and human dignity</b>	We strive to create an environment for all our stakeholders that is free from discrimination and that respects human dignity and equal opportunities.	Invest in the future	Clients, Employees, Society at large, Investors
<b>14 Responsible remuneration policy</b>	We pursue a responsible remuneration policy for Board members, senior management and other employees. We are transparent about this policy and about performance standards and measurements used in awarding variable remuneration.	Invest in the future	Clients, Employees, Society at large, Investors
<b>15 Role model in terms of legislation and regulations</b>	In addition to complying with national and international legislation and regulations, we proactively identify and anticipate developments in this area.	Invest in the future	Clients, Employees, Society at large, Investors
<b>16 A positive impact on ESG criteria through our financing and investment services.</b>	In offering our finance and investment services, we work to ensure that our clients and the entities they invest in put their impact on human rights, health and safety and the environment first in their conduct. We leverage our position to expose abuses to human rights, health and safety and the environment and are in constant dialogue with our clients with a view to improving the situation. If we do not see tangible improvements, we end our relationship.	Invest in the future	Clients, Employees
<b>17 Safe and healthy workplace</b>	We offer our employees a safe and healthy working environment by providing the necessary facilities and by actively promoting their well-being and encouraging vitality. In doing so, we enable employees to carry out their work to the best of their ability.	Invest in the future	Clients
<b>18 Our environmental impact</b>	The environmental footprint of our organisation, created by our business operations and procurement activities.	Invest in the future	Clients, Employees, Society at large, Investors
<b>19 Adding value by promoting the welfare of society</b>	We promote the welfare of society by offering products and services that empower people and businesses. We give back to society by facilitating social entrepreneurship and by organising volunteer programmes in which our employees participate.	Invest in the future	Clients, Employees, Society at large, Investors
<b>20 Adding value by leading the public debate</b>	We respond to society's needs by offering our financial expertise, including sharing sector-specific knowledge and promoting social entrepreneurship.	Invest in the future	Clients, Employees, Society at large, Investors

**Strategy**

- Client-driven
- Invest in the future
- Moderate risk profile
- Sustainable growth
- Strategy-transcending topic

**Stakeholders**

- Clients
- Employees
- Society at large
- Investors

## Sustainable reporting at ABN AMRO

Our way of reporting on and communicating our sustainability performance helps us get the right information across to the right stakeholders.

We communicate the information through several channels, targeting specific stakeholder groups;

- ▶ We report our progress on the material topics of the bank in our Annual Report.
- ▶ Additionally, our quarterly Sustainable Banking newsletter provides updates on current topics and dilemmas. You can subscribe to our Sustainable Banking Newsletter at [abnamro.com/sustainablebanking](https://abnamro.com/sustainablebanking) and click on Subscribe to our newsletter.
- ▶ The Sustainable Banking website provides additional information.

### More information

For more information see:

[abnamro.com/sustainablebanking](https://abnamro.com/sustainablebanking)

or contact us at:

[sustainability@nl.abnamro.com](mailto:sustainability@nl.abnamro.com)